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February 9, 2001

**VIA FACSIMILE NO. (202) 906-7755**  
**Attn: Docket No. 2000-91**Manager, Dissemination Branch  
Information Management and Services Division  
Office of Thrift Supervision  
Washington, D.C. 20552

Re: Docket No. 2000-91: Notice of Proposed Rulemaking – Savings and Loan Holding Companies Notice of Significant Transactions or Activities and OTS Review of Capital Adequacy (the “Proposed Rule”).

This letter responds to the above-referenced Notice of Proposed Rulemaking and is submitted on behalf of our clients, First Capital Bankers, Inc. (“First Capital”) and Southeast Texas Bancshares, Inc. (“SETB”). Both First Capital and SETB are unitary thrift holding companies whose subsidiary banks are state chartered savings banks that have made the election under Section 10(l) of the Home Owner’s Loan Act to be treated as savings associations. Both First Capital and SETB oppose the adoption of the Proposed Rule for the reasons set forth below.

The restrictions and approvals required in connection with activities of thrift holding companies by the Proposed Rule and the proposed capital provisions would limit the flexibility of thrift holding companies to respond quickly to market opportunities and to raise equity.

The Proposed Rule will increase regulatory burdens without any real benefit to the OTS or the insured subsidiaries of thrift holding companies. The OTS has ample existing regulatory authority to protect a thrift subsidiary from unsafe and unsound or illegal activities with its parent holding company.

The Proposed Rule has the very likely effect of reducing the franchise value of unitary thrift holding companies by adding additional regulatory oversight and supervision which potential investors and the financial markets, generally, do not favor.

The Proposed Rule will also negatively affect the ability of thrift holding companies, such as First Capital and SETB, to raise capital in the public and private securities markets or will increase the cost of that capital.

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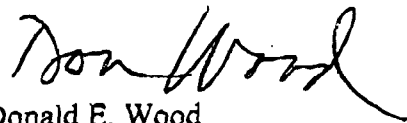
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The additional uncertainty and delay necessarily created by the Proposed Rule further reduces the ability of thrift holding companies to compete with their competitors, many of whom do not operate in thrift or bank holding company form and are, therefore, more free from regulatory burden and oversight.

Further, the statutory authority of OTS to adopt the Proposed Rule is not well supported in the law. OTS authority under law to regulate thrift holding companies' activities is statutorily circumscribed, while the Proposed Rule ignores those statutory limits. It is interesting to note that the powers now sought under the Proposed Rule have not been sought previously, even during the thrift crisis of the 1980s. Such substantive authority as represented by the Proposed Rule should not be asserted based upon untested agency conclusions, but should be sought from Congress.

In summary, it does not appear that the OTS has statutory authority to adopt the Proposed Rule. The OTS has existing authority to adequately protect thrift subsidiaries from illegal or unsafe and unsound practices conducted by a parent holding company and involving the subsidiary thrift. The Proposed Rule would reduce the flexibility and responsiveness of thrift holding companies to market opportunities and changes and would negatively affect the ability of thrift holding companies to raise capital at appropriate costs. It is likely that adoption of the Proposed Rule would reduce the franchise value of existing thrift holding companies, thereby damaging existing investors. Hence, First Capital and SETB respectfully request that the Proposed Rule not be adopted.

Very truly yours,



Donald E. Wood  
For The Firm

DEW/mbm

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